



# PROPOSED STORM DRAINAGE AND FLOOD PROTECTION FEE

**CITY COUNCIL MEETING**

January 12, 2021

Jovan Grogan, City Manager

Jimmy Tan, Public Works Director



# Objective

- ❖ Provide...
  - Update on the health of the City's Stormwater System
  - Overview of financial challenges facing our Stormwater Fund
- ❖ Present results of Fee Study to provide additional ongoing financial support for San Bruno's Stormwater System
- ❖ Present the Recommended *Storm Drainage and Flood Protection Fee*
- ❖ Explain the Prop 218 Property Assessment Process / Schedule
- ❖ Council deliberations and action on authorizing the initial proceedings to establish a revised Storm Drainage and Flood Protection Fee



# Agenda

- I. Overview of San Bruno's Water Utilities
- II. Discuss Stormwater Funding & Financial Challenges
- III. Review Stormwater Infrastructure, Current Projects and Unfunded Capital Improvement Project
- IV. Presentation of Fee Study Report *(completed by Willdan Financial Services)*
- V. Staff Recommendation
- VI. Review Prop 218 Property Assessment & Public Outreach Process
- VII. Council Questions, Public Comment, Council Deliberations and Direction



# San Bruno's Three Water Utilities

## ❖ Potable/Drinking System (aka “water system”)

- A network of pipes that delivers clean water to every home and business within our City.



## ❖ Sewer System (aka “wastewater system”)

- A network of pipes that collects brown/used water and conveys it to our Water Quality Control Plant for treatment prior to discharging into the San Francisco Bay.

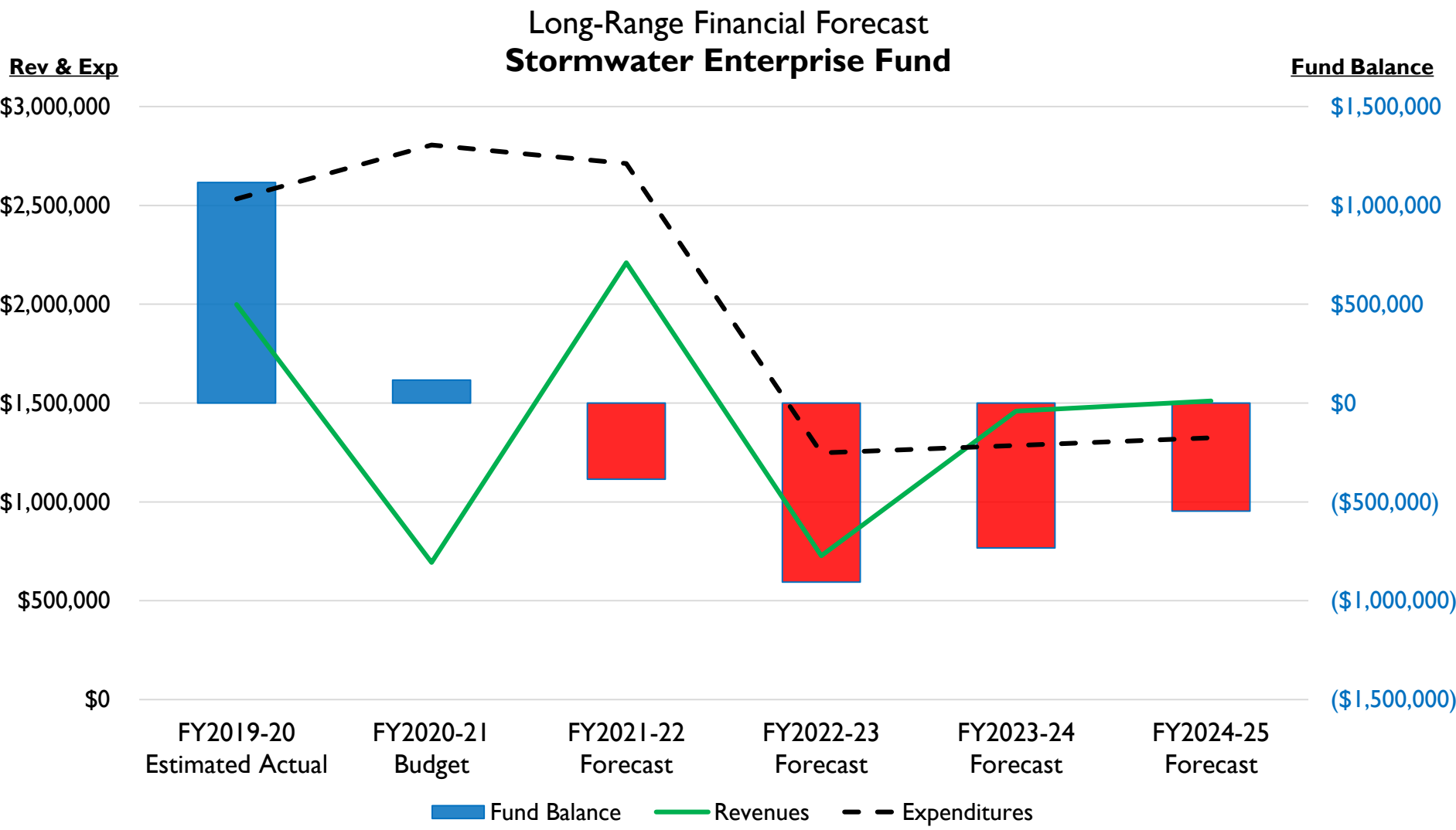


## ❖ Stormwater System

- A network of pipes that collects rainwater runoff and conveys it to the creek prior to draining into the San Francisco Bay.



# Adopted Stormwater Long Range Financial Plan



Source: City of San Bruno, City Manager's Proposed Budget FY2020-21



# Current Funding is Inadequate...

- Current Fee hasn't been increased since 1994
- System has aged and cost to meet infrastructure needs have increased
- General Fund has backfilled with subsidies, but increasing pressures on the GF make this more difficult



# Current Stormwater Fee

## Property Use

### Miscellaneous/Agriculture/Vacant/Condominium

Minimum Per APN \$23.08

\$ Per 1,000 Square Feet, Lot Size \$2.0982

### All Other

Minimum Per APN \$46.16

\$ Per 1,000 Square Feet, Lot Size \$4.1964

**Average property parcel under 11,000 sq. feet pays  
\$46.16 per year**



# Current Revenues do not cover operating costs, let alone capital improvements...



Stormwater Enterprise					
	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Est.	Total, 4 years:
<b>Beginning Fund Balance, July 1</b>	<b>\$ 3,319,799</b>	<b>\$ 1,819,627</b>	<b>\$ 1,650,807</b>	<b>\$ 1,045,523</b>	
Total Revenues	669,927	678,692	669,639	693,000	
Stormwater Operating Budget Expenditures	749,000	1,334,804	965,782	1,154,255	
<b>Net Operating Deficit Before Transfers and Capital Improvements</b>	<b>(79,073)</b>	<b>(656,111)</b>	<b>(296,143)</b>	<b>(461,255)</b>	<b>(1,492,582)</b>
<b>Plus Expected Capital Grants</b>				1,112,654	
Less Capital Improvements and Equipment	(1,150,230)	(282,708)	(1,578,844)	(1,332,948)	
<b>Net Transfers From/(To)</b>					
<b>General Fund</b>	<b>(600,500)</b>	<b>770,000</b>	<b>1,269,703</b>	<b>(317,851)</b>	<b>1,121,352</b>
Transfer In from Other Funds	329,630			-	329,630
<b>Change in Fund Balance</b>	<b>(1,500,172)</b>	<b>(168,820)</b>	<b>(605,284)</b>	<b>(999,400)</b>	<b>(3,273,676)</b>
<b>Ending Fund Balance, June 30</b>	<b>\$ 1,819,627</b>	<b>\$ 1,650,807</b>	<b>\$ 1,045,523</b>	<b>\$ 46,123</b>	

- Fund Balance is declining, and will continue to require General Fund subsidies without a fee increase





# Risk to City Programs and General Fund

- ❖ The City's General Fund or Reserves must cover unmet or emergency needs of the Stormwater Utility
  - *Thereby reducing available money for other programs and services*
  - *Nearly \$1.5M in General Fund money spent this fiscal year on Stormwater projects*

# Notable Stormwater System Challenges



- ▲ Stormwater pipe failure and landslide in Crestmoor Canyon in December 2019 (required declaration of a local emergency to expend \$1,020,000 to stabilize a portion of San Bruno Avenue);
- ▲ Discovery of a broken drain culvert near Crystal Springs Avenue in January 2020 (estimated to cost \$450,000 to repair);
- ▲ Undersized storm drainpipes on Spyglass Drive (an unfunded \$1,500,000 project); and,
- ▲ Long history of flooding during heavy rain events in the Downtown and other low laying neighborhoods.

# Achieving Sustainability in Stormwater



- ❖ Part of the City's Comprehensive Fiscal Sustainability Project
- ❖ Critically important to our overall fiscal health as a service provider
- ❖ Stormwater Fee Study Launched in September 2020
- ❖ Proposed Prop 218 Mail Ballot Proceeding in March-May 2021



# Review Stormwater Infrastructure, Current Projects and Unfunded Capital Improvement Project

# Stormwater System Infrastructure Overview



- ▲ Storm system originally installed in 1900s
- ▲ Consists of drain inlets, underground pipelines and box culverts
- ▲ System flows from West to East toward San Bruno Channel
- ▲ Pump stations: 2
  - Built in 1960s
  - Owned, operated and maintained by County of San Mateo
- ▲ 2014 Storm Water Master Plan
  - Total Improvements Cost: \$26+ million (2014 estimate)





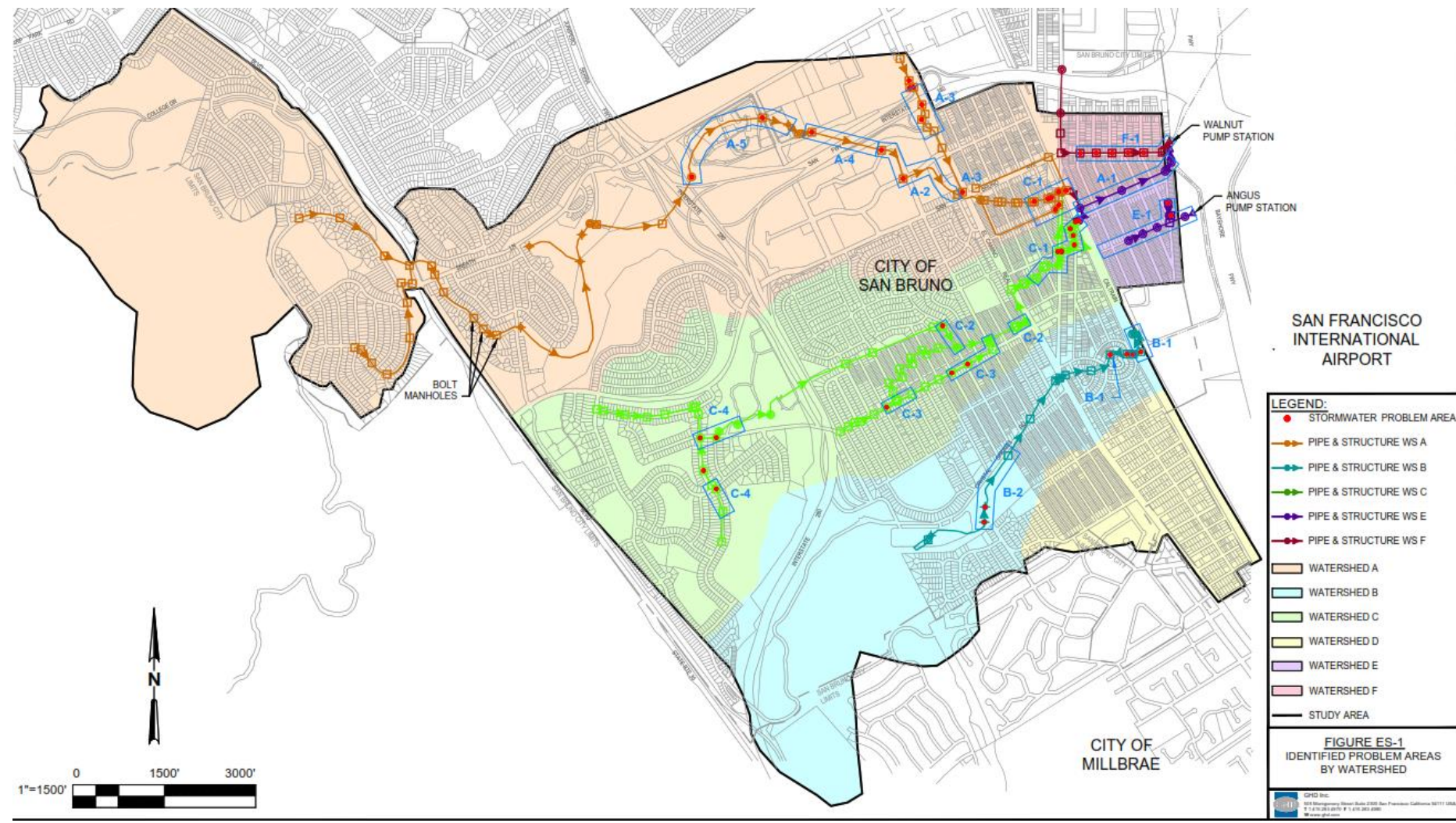
# Storm Water Master Plan

- ▲ Completed in 2014
- ▲ Stormwater System: Six watersheds (A thru F)
- ▲ Performed hydraulic analysis/modeling to determine system capacity on large infrastructure
- ▲ Identified problem areas in the system
- ▲ Provided improvement recommendations

Note: *Condition assessment was not performed for stormwater system*

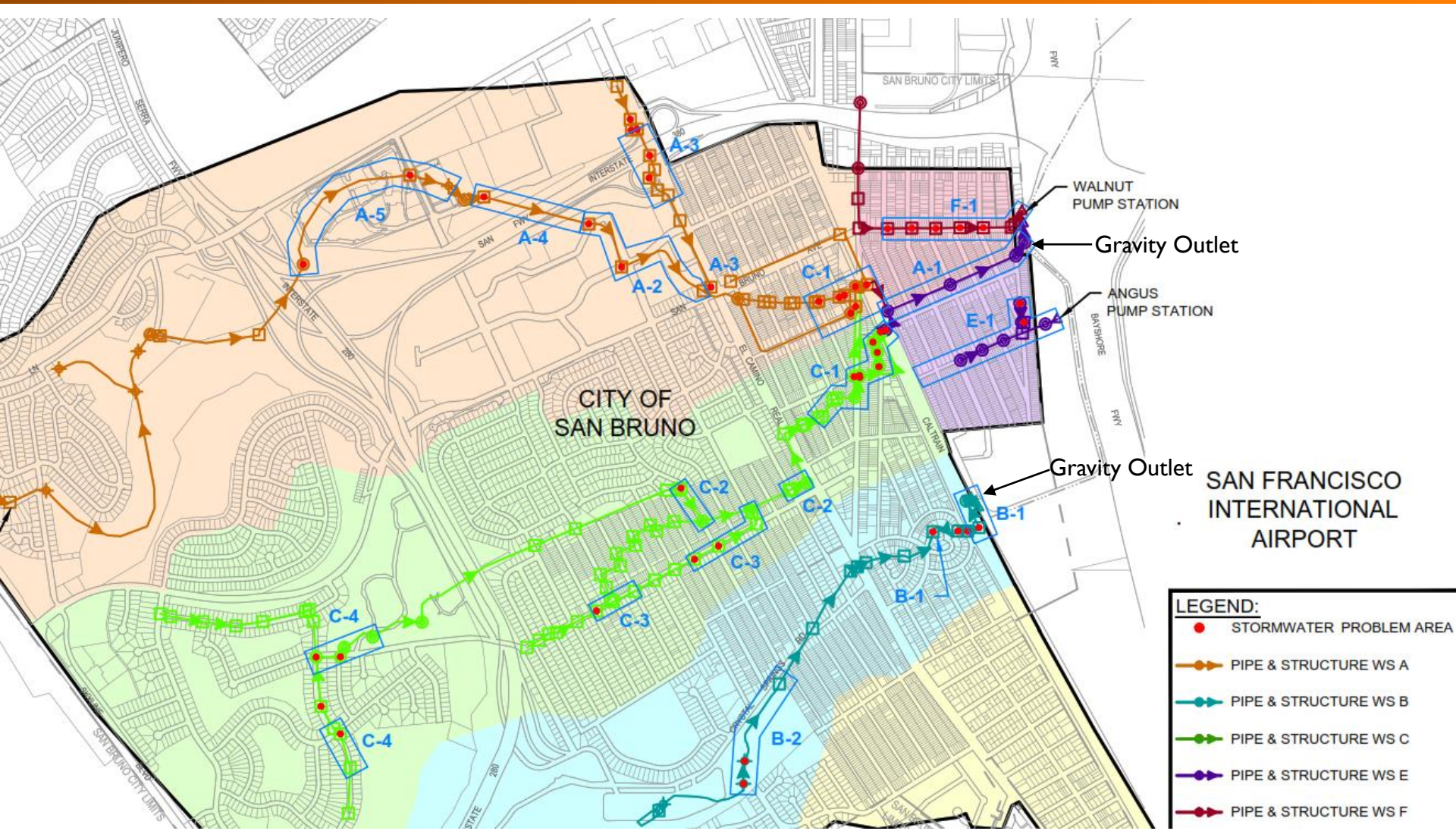


# Storm System Watershed





# Storm System Problem Areas



**LEGEND:**

- STORMWATER PROBLEM AREA
- PIPE & STRUCTURE WS A
- PIPE & STRUCTURE WS B
- PIPE & STRUCTURE WS C
- PIPE & STRUCTURE WS E
- PIPE & STRUCTURE WS F



# 2014 Flooding in City





# 2014 Flooding in City



Huntington Ave.

302 Rooftop PTZ SE

12/11/2014 09:11:23

# 2014 Flooding in City



12/11/2014 08:44:52



# 2014 Flooding in City



Valleywood Dr.



El Camino Real

# 2017 Flooding in City





# Stormwater Projects, *completed*

- Completed Storm Improvement Project Cost since 2014 Stormwater Master Plan
  - Crestmoor Canyon Slope Stability Project (2020): **\$1,020,290**
  - Crystal Springs Road Storm Drain (2020): **\$450,000**
  - Masson Box Culvert Replacement Project (2017): **\$919,800**
  - Miscellaneous storm drain spot repair (2017 and 2019): **\$802,000**



# Crestmoor Canyon Slope Stability





# Crystal Springs Road Storm Drain





# Masson Box Culvert Replacement Project





# Stormwater Projects, *future/unfunded*

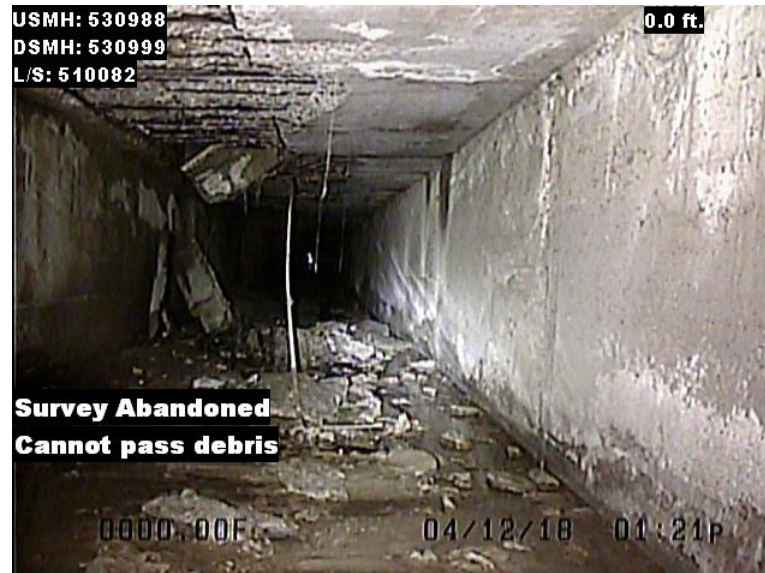
- Future Storm Improvement Project Cost
  - Spyglass Storm Drain Improvements Project: **\$1.5 million**
  - Stormwater Master Plan Recommended Capacity Improvements: **\$30+ million\***
  - Stormwater Condition Improvements: **Estimated \$22.9 million**
  - Municipal Regional Permit Requirements: **Unknown**

\* Was approx. \$26M in 2014 Stormwater Master Plan





# Storm Drain System Condition





# Storm Drain System Condition





MIKE MEDVE  
SENIOR PROJECT MANAGER

JANUARY 12, 2021

Presentation of the Fee Study Report for the  
City of San Bruno Storm Drainage and Flood Protection Fee



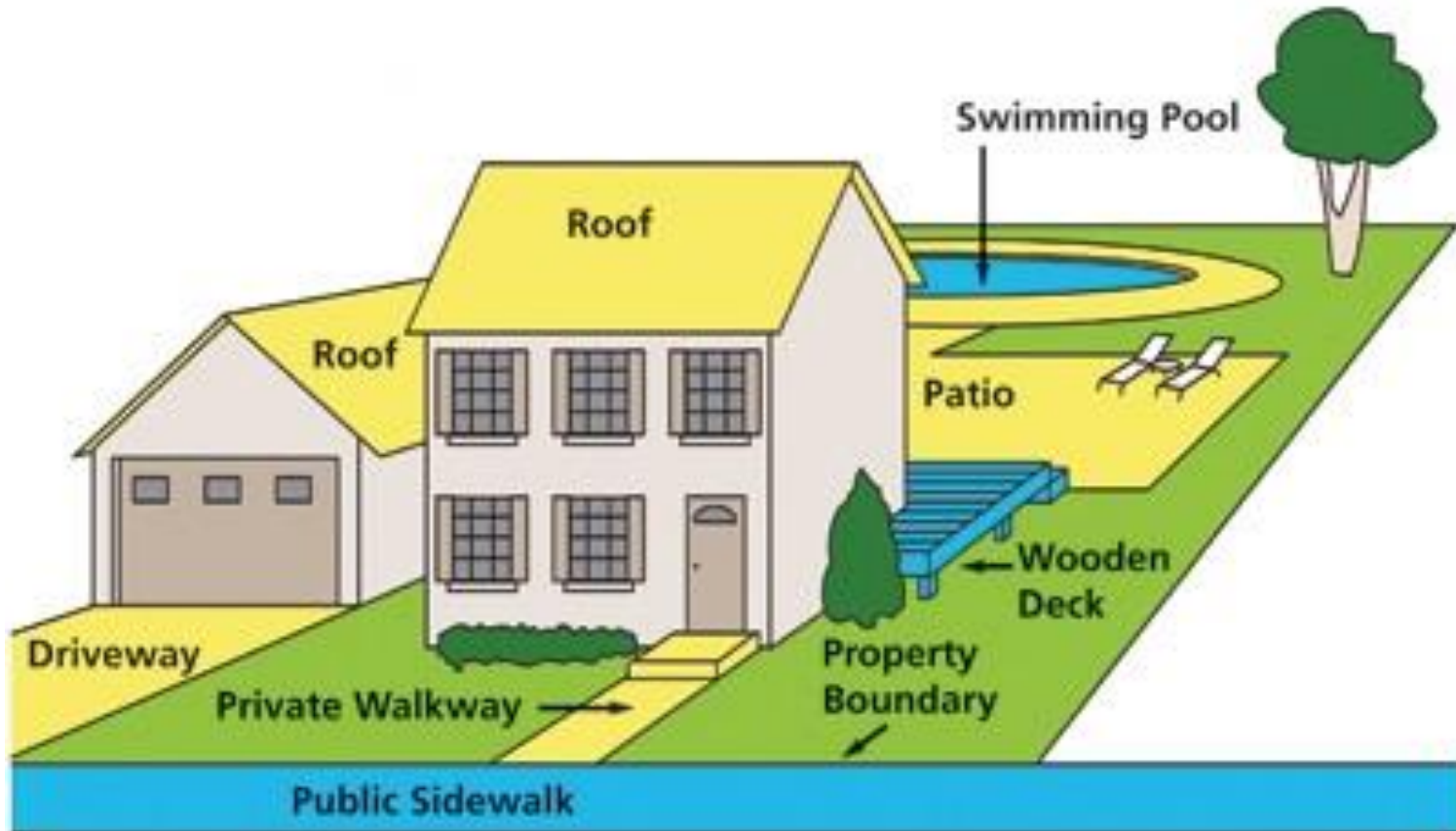
- Review information regarding existing fee structure, expenditure needs for stormwater construction and maintenance, property data, and build property database
- Determine amount of funding needed to address City goals for stormwater system, based on 2014 Master Plan
- Develop approach and methodology for a property-related fee that would generate needed funds
- Prepare report, Proposition 218 Notice, assist City with Public Hearing, ballot process and tabulate ballots

# Recommended Fee Model

- Current fee: per lot based on total lot square footage
- Proposed fee: per lot based on impervious square footage of lot
- Developed properties drain to storm drain system, and there is a recognized relationship between impervious area for each parcel and stormwater runoff generated
- Impervious area generally includes concrete, pavement, concrete pavers, patios, driveways, playing surfaces (tennis or basketball courts), pools, pool decks, roof tops, sheds, carports, etc.
- The amount of impervious surface for a parcel, as a percentage of the total impervious surface throughout the City, is used to estimate the percentage of storm drain system costs attributable to each parcel

- Proposed fees are proportional to each parcel's "fair share" of annual costs of the improvement, renovation, maintenance and operation of the storm drain system
- Benefits of impervious over lot size square foot model
  - Fee amounts are fair and represent each parcels proportionate share of total costs
  - Recognized approach in EPA guide for Municipal Stormwater Funding
  - Studies have demonstrated that impervious surface area on a property is the most significant factor influencing stormwater runoff
  - Impervious area is relatively easy to identify and quantify numerically, and is the most common parameter used in stormwater fee calculations

# Impervious vs. Pervious



- Determine annual budget for replacement, new construction and annual maintenance
- Determine total impervious square footage area for all properties within City
  - Measure percent impervious for sample properties from each zoning classification
  - Identify atypical properties as exceptions and measure impervious factor individually
- Calculate a fee rate per square foot impervious for all property in City by dividing total annual budget by total City impervious square footage

# 2014 Stormwater Master Plan

## Estimated Capital Improvement Project Costs

Project ID	Cost (2014\$)	Cost (2020\$)
A-1	\$5,070,000	\$5,958,771
A-2	\$2,670,000	\$3,138,051
A-3	\$820,000	\$963,746
A-4	\$2,720,000	\$3,196,816
A-5	\$4,670,000	\$5,488,651
B-1	\$1,090,000	\$1,281,077
B-2	\$90,000	\$105,777
C-1	\$150,000	\$176,295
C-2	\$2,240,000	\$2,632,672
C-3	\$1,410,000	\$1,657,173
C-4	\$1,380,000	\$1,621,914
D	\$220,000	\$258,566
E	\$1,960,000	\$2,303,588
F	\$1,890,000	\$2,221,317
Total	\$26,380,000	\$31,004,414

# Fee Study Recommendation

## Median Fee by Zoning Category

Code	Zoning Designation	No. Parcels	Median Fee
A-R	Administrative and Research	12	\$476.25
C	General Commercial	219	\$272.26
C-B-D	Central Business District	111	\$178.66
C-M	Commercial Manufacturing	11	\$397.31
C-N	Neighborhood Commercial	75	\$169.17
C-O	Community Office	6	\$2,508.30
M-I	Industrial	135	\$236.96
O	Open Space	59	\$476.65
P-D	Planned Development	1,455	\$54.91
R-1	Single-Family Residential	8,755	\$154.31
R-2	Low Density Residential	1,052	\$171.92
R-3	Medium Density Residential	38	\$208.16
R-4	High Density Residential	988	\$52.76
U	Undesignated	18	\$1,242.54
Total		12,934	\$149.66

R-1 median in proposed model is \$154 vs \$46 in current, an increase of 234%



Median Stormwater Fee change for Single Family Residences (R-1) goes from

- \$46 per year to \$154 per year

**Approx. \$9/month increase**

- San Bruno Stormwater Revenue
  - Under current fee model: \$579,871 annually
  - Under proposed fee model: \$3.2M annually
  - A revenue increase of 452% *(needed to cover projected costs)*
  - Revenue from Commercial/Industrial properties increase by twice as much revenue from Single Family Homes (R-1)
  - No minimum fee means larger properties bear larger share of increase
  - Impervious surface rate means industrial and commercial pay fair share

## How can the City finance critical Stormwater capital improvements under the proposed fee model?

- Three bond issuances totaling net proceeds of \$44 million nominal (\$36 million present value)
- \$1,362,000 annual maintenance expenditures
- 85% of facilities funded in first 10 years
- 100% of facilities funded in first 30 years
- After facilities completed, fee levied at level necessary to maintain level of service
- Unused revenues used for facility construction on a pay-go basis

- Establish Storm Drainage and Flood Control fee of \$0.0498859 per impervious square foot to fund capital replacement, capital improvements and ongoing maintenance
- Levy fee annually as part of property tax bill
- Use proceeds to repay debt on special obligation bonds, pay directly for construction of improvements, and fund ongoing maintenance, operations and servicing of storm drain facilities



# Staff Recommendation

- ❖ Adopt a Resolution Initiating Proceedings to Establish a Revised Storm Drainage and Flood Protection Fee *(as per Fee Study Recommendations)*
  - \$0.0498859 per impervious square foot
  - Levy fee annually as part of property tax bill
- ❖ Final Council action on the Storm Drainage and Flood Protection Fee not needed until **March 23, 2021**



# Alternatives

1. Do not initiate a Stormwater System fee increase process  
*(will likely result in continued system failures and subsidies by the General Fund)*
2. Approve the initiation of the fee process, but consider deferring already approved rate increases for the Water and Wastewater Utilities for 1-2 years to offset this increased fee.
  - 5-year schedule of 5% annual rate increases approved for Water and Wastewater utilities
  - 20% rate increases in each utility since FY 2017-18
  - Upcoming FY2021-22 Water and Wastewater rate increases equates to roughly \$9.31/month (similar to median increase for R-1 properties under the proposed Storm Drainage and Flood Control Fee)
3. Provide direction to staff for other changes.



# Financing Plan for Capital Improvements

- ❖ Use debt financing to advance needed capital projects quickly
- ❖ Three bond sales in 2022, 2027, and 2032
- ❖ Funding will allow for completion of Master Plan and System Upgrades within 10-15 years
- ❖ After final bond sale in 2032, system will be new
- ❖ Future / on-going capital repairs can be achieved within annual operating budget (pay-as-you go)
- ❖ As Debt Service is paid off over 30 years, fees will decrease, absent large new environmental mandates not foreseen

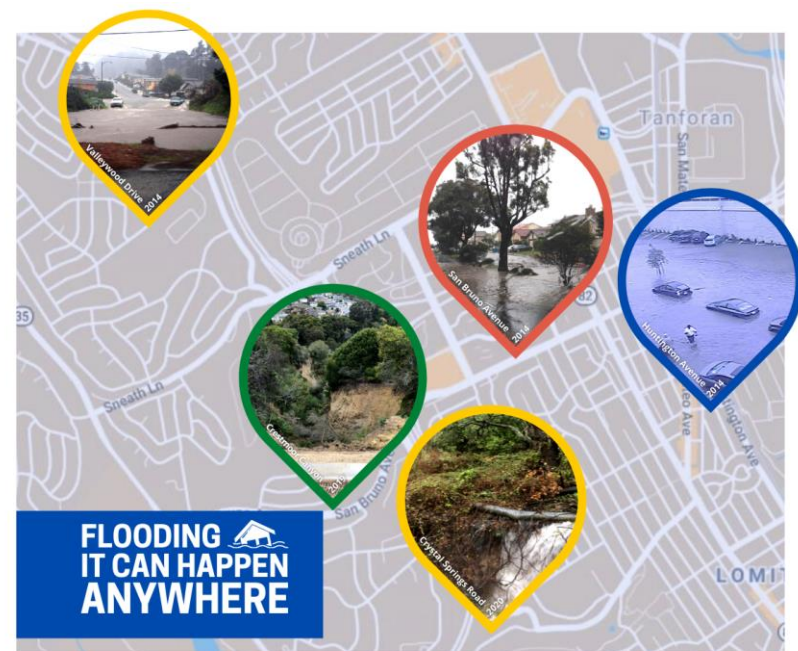
# Public Outreach

## ❖ Robust public outreach planned

- Public survey
- Informational insert in utility bills
- Dedicated mailings to local properties
- Letters to out-of-town property owners
- City Manager eNewsletter article
- Community presentations
- Dedicated webpage

## ❖ Public Outreach Schedule

❖ December – March 2021







# Proposition 218 Process

- ❖ City Clerk Conducts the Election
- ❖ Two Property Owner Ballot Processes
- ❖ Public Hearing to Receive Protests
- ❖ July 31 Deadline to Transmit Stormwater Assessment to County

Date	Action Item
1/12/2021	City Council considers resolution initiating property owner notice and protest process for Prop 218
1/22/2021	First round of Prop 218 notice mailers sent to property owners (45 day period begins)
3/23/2021	Public Hearing to receive protests, if not majority protest, election can proceed with Council approval via Resolution that calls election and established election rule (to include final Fee Study)
3/31/2021	Second round of Prop 218 notice mailers sent to property owners in form of ballots (45 day period begins)
5/17/2021	Final Day to receive ballots (Election Closed)
5/18/2021	City Clerk Counts Ballots in a public forum that was noticed on the mail ballots
5/25/2021	City Council adopts a Resolution stating the results of the election, imposing the fees, and electing to collect the fees on the tax roll (requires approval of four councilmembers)
7/31/2021	Hard Deadline for Submission of Annual Stormwater Fee Data to County



# Staff Recommendation

- ❖ Adopt a Resolution Initiating Proceedings to Establish a Revised Storm Drainage and Flood Protection Fee *(as per Fee Study Recommendations)*
  - \$0.0498859 per impervious square foot
  - Levy fee annually as part of property tax bill
  
- ❖ Final Council action on the Storm Drainage and Flood Protection Fee not needed until **March 23, 2021**

# Questions and Discussion

